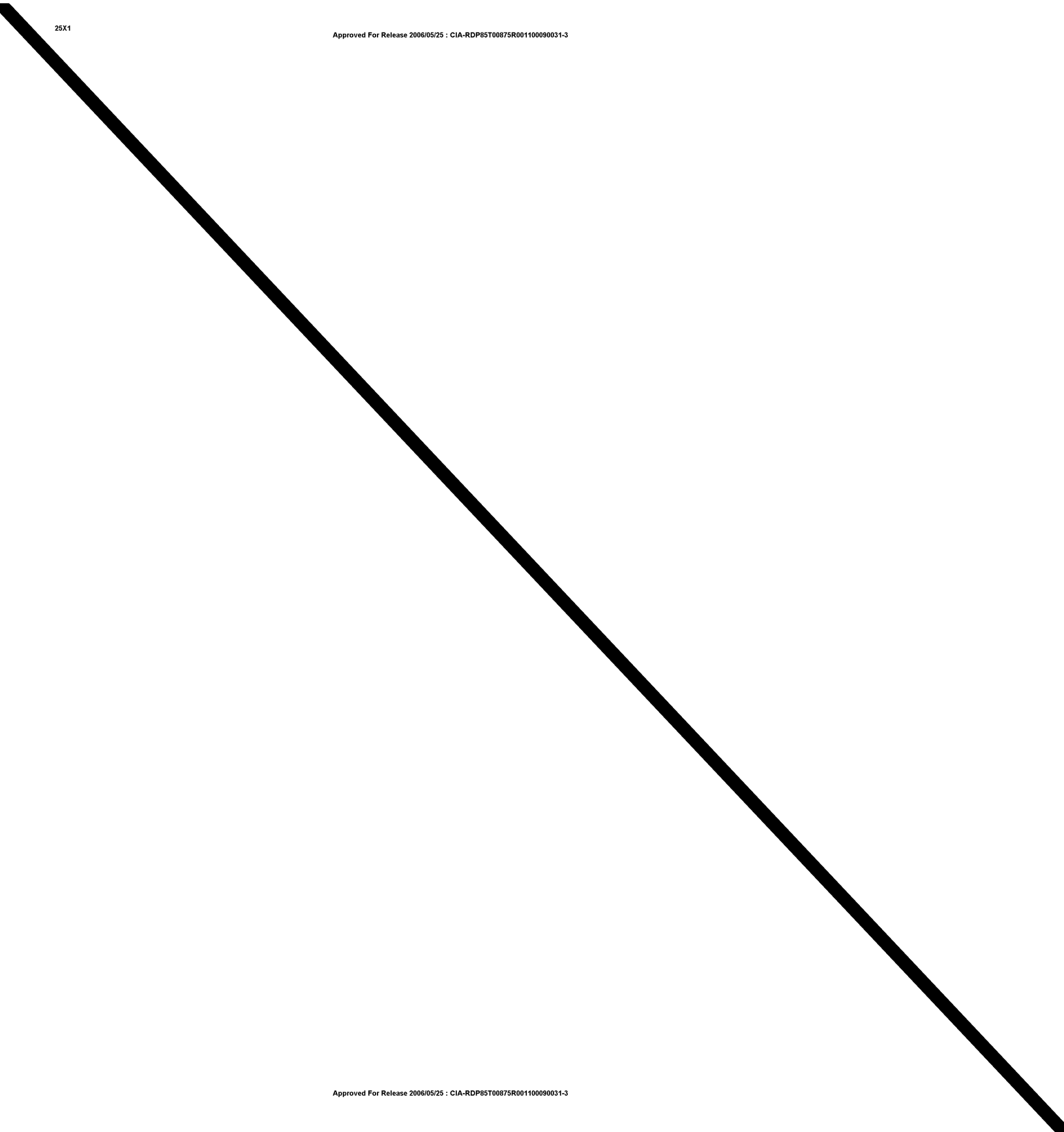
25X1

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3



Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

CIA/OCI/IM-0520/70 D/CRS
Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Secret

25X1

DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Agitation and Stability in South Vietnam

Secret

87

22 June 1970
No. 0520/70

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND
DECLASSIFICATION

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

[redacted]

25X1

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
22 June 1970

INTELLIGENCE MEMORANDUM

Agitation and Stability in South Vietnam

Summary

Even as it takes over more responsibility for the war under Vietnamization, the Thieu government is being challenged by the most militant political opposition to develop in South Vietnam since the Buddhist "Struggle Movement" of 1966. Then, significant military strength had to be diverted from the fighting to restore government control in Hue and Da Nang. Now, although unrest has fallen far short of that during the difficult days of 1966, it was still necessary to bring four battalions of cadets into Saigon for a month to help keep the peace. Larger such diversions could be required in the future.

Key leaders have begun to doubt that the government can handle its mounting problems, and there have been some predictions of a new cabinet. Although tensions have subsided somewhat since May, Thieu still faces a politically dangerous dilemma. He must relieve the severe economic distress felt by the military and other salaried groups, but any economically effective action is likely to spark further and more serious political unrest.

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Current Intelligence and coordinated with the Office of National Estimates, the Office of Economic Research, and the Special Assistant for Vietnamese Affairs.

[redacted]

25X1

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3
SECRET

Thieu still has a strong vested interest in maintaining respect for the constitution, and he will probably stick as close to the constitutional rules of the game as he feels he can. Nevertheless, he would probably not hesitate to use extralegal authoritarian measures if he thought them necessary to keep agitation from getting out of hand.

If the recent pattern of waves of unrest continues into the coming months, government stability could be undermined. Whether this occurs will depend on the attitude of the military, whose support is critical for any government in South Vietnam. Political instability would, of course, make it much more difficult for Saigon to demonstrate the tenacity required to face the Communists through the Vietnamization process and beyond. Serious political unrest and instability could do real damage to the war effort.

SECRET
Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

The New Opposition

1. In recent months there have been two waves of antigovernment agitation, the first in November and December, and the second in April and May. Thieu's current political troubles actually began late last October, when he decreed new austerity taxes that immediately sparked higher prices. Salaried people, including the military and government officials, Thieu's two most important constituencies, were particularly hard hit. Deep and widespread antigovernment resentment developed, and a variety of interest groups sensed that the government was on the defensive. There was more opposition agitation in the two months following than there had been during the previous two years of the Thieu administration.

2. The Assembly bitterly criticized the regime; Senator Don and "Big" Minh spoke out with new boldness against the government; ethnic Cambodians staged a sit-in on the President's front steps; and the militant Buddhists, defying a government injunction against engaging in political activity, attacked government policies. Ethnic Cambodian demonstrators clashed with police in the delta, and Saigon unions tried a brief general strike.

3. To deal with this discontent, the government used a combination of conciliation and firmness, and the wave of political agitation seemed to recede for a while. The attention of most politicians became riveted on the trial of National Assemblyman Chau, an affair that tended to intimidate the opposition through the end of March.

4. The second wave of unrest began in early April when disabled veterans took to the streets to demonstrate for better housing and other benefits. They had to be handled with kid gloves because they would have received much sympathy from the armed forces in any clash with the government. Moreover, the government's failure to lean hard on the new Cambodian regime following atrocities against ethnic Vietnamese sparked more adverse comment against Thieu.

Once again the feeling spread that the government was on the defensive and that critics could get away with actions that once would have been dangerous. In this atmosphere, charges of corruption were made on the Senate floor against some prominent general officers.

5. The regime was soon overloaded with problems of discontent, unable to deal effectively with all of them at once. No sooner had it at least temporarily alleviated one source of unrest than it was confronted by another. While the regime took steps to arrange for new veterans' benefits to quiet their unrest, university and then high school students, and next the militant Buddhists, began to agitate against it.

6. Those at the center of power became deeply discouraged both about the accumulating pressures and about the difficulties of dealing effectively with the country's economic problems, especially the rising cost of living. Working relationships among the top leaders deteriorated.

7. At this point the government ordered a crackdown, particularly against the students. Concurrently the gloom over the problems of political unrest was displaced by elation over South Vietnamese cross-border operations in Cambodia. With the help of news of military success and relief for ethnic Vietnamese in Cambodia, and by temporizing with some protesters and getting tough with others, the government once again was able to contain the unrest, at least for a while.

8. The developments since October seem to have followed a cyclical pattern. When the government appeared on the defensive, one interest group after another decided the time was opportune to attack it. The government relied on relatively low-keyed methods to cope with the growing protest, until it threatened to get out of hand, and then cracked down, still combining firmness with some conciliatory measures. And protest would abate for a while.

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

25X1

The Political Ground Rules Today

9. Despite the tough tactics sometimes used by the government in recent months, notably the Chau trial and the arrests of student leaders, and despite the authoritarian instincts of much of the officialdom including Thieu, opposition elements are still allowed a wide margin of freedom to agitate against the government. For example, although specific issues of newspapers may be seized, newspapers are afforded some legal protection against closure, and the press is still full of antigovernment criticism.

10. So far, Thieu has not yielded to the temptation to take more repressive measures, partly because he does not want to drive the now-fragmented opposition together or polarize the country, as Diem did in the early 1960s. Moreover, he has recognized the political dangers of cracking heads when the protesters are maimed veterans, Buddhist "venerables," or the student sons of the educated classes in a class-oriented society. His patchwork approach to date has helped keep the different opposition elements uncertain and divided.

11. Opposition agitators also owe to the constitution much of their freedom so far to criticize the government, rooted as that document is in Western political thought rather than in Vietnamese tradition. The National Assembly offers a forum for critics that helps assure wide publicity to their views, and one member, Senator Don, hopes to use it as a springboard for a run against Thieu for the presidency. The Supreme Court, formerly more cautious about offending the executive, has recently declared unconstitutional two of Thieu's more important recent policy measures, the austerity taxes and the prosecution of Deputy Chau as a Communist sympathizer.

12. The constitution will probably continue to provide a sort of umbrella for dissenters as long as US support seems essential to the South Vietnamese. US wishes for a constitutional, democratic form of government in South Vietnam are well known, and

25X1

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

25X1

this is a powerful factor in keeping the ARVN in line. Thieu, of course, also wants all South Vietnamese to respect the constitution because it accords him his powers as President and provides the basis for his government's claims to legitimacy both at home and in international intercourse.

13. It is noteworthy that, despite a strong tradition of political conspiracy and little precedent for legal opposition, those South Vietnamese who are frustrated by their failure to share the reins of government have not conspired to overthrow the regime. [redacted] Perhaps equally telling, President Thieu has apparently not been concerned about the possibility of a coup conspiracy amidst all the unrest.

25X1

14. One reason why the South Vietnamese are presently not acting in accord with their tradition of conspiracy is that the government still has the backing of the army, and no coup stands a chance until army support is at least gravely weakened. Opposition politicians may eventually be able to generate a crisis in confidence that will provoke an army takeover, but only the army has the power to carry off a coup.

15. At present, moreover, many politicians have been looking ahead to the Senate elections slated for late this summer, and beyond them to the presidential elections of 1971, and they have undoubtedly been giving as much thought to preventing an unfavorably rigged vote as they have to winning voter support. In its admittedly shaky way, the constitution does help to reduce the chances of coup plotting, and thereby to strengthen stability, by letting the opposition blow off steam and by offering a legal path to a share of political power.

Pressures for Tougher Government Tactics

16. If protest agitation continues to become more and more disruptive, the government will probably be tempted to take very firm measures

25X1

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

before the demonstrations reach a boiling point. Thieu simply cannot afford to appear so ineffectual in handling disruptive protests that he risks losing the support of the army. If bitterness over economic difficulties deepens in the military establishment, it will be all the more important for Thieu to demonstrate the government's effectiveness in keeping agitation within bounds.

17. In the near term, Thieu is likely to continue to rely on a mixture of conciliation and toughness, hoping to defuse most agitation before it really gets started, and repressing it when it threatens to get out of hand. He may get tougher, however, toward those groups that are beginning to ignore their more moderate leaders and heed more militant counsels, in order to induce greater caution among them.

18. Over the longer term, the temptation to revert to a more authoritarian style of government is likely to grow, as the US turns over most of the fighting to the South Vietnamese and its influence on behalf of constitutional and democratic forms begins to decline. Although the South Vietnamese are likely to remain heavily dependent on US aid, even at lower aid levels, for the foreseeable future, more and more are likely to be asking: "What has the US done for us lately?" US support for the constitutional government under President Thieu may become less compelling for the army, and Thieu's support from the army could depend more heavily on the latter's regard for the government's performance. With less US power deployed against the enemy in the field, and with fewer US funds available locally, latent anti-Americanism is likely to surface more frequently than in the past. Known American wishes may tend to encourage some South Vietnamese to move in exactly opposite directions.

19. Should the Saigon leadership ever decide to turn its back on the present constitutional and democratic forms of government and revert to a more typically Asian authoritarian state, the reaction

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

against this would probably be much stronger in the United States than in South Vietnam. Some South Vietnamese, including party politicians and urban intellectuals, would be deeply hostile, but the military, the bureaucracy, and most of the public at large would probably accept the change with relatively little regret, particularly if the new regime seemed to perform more effectively.

Another Wave of Discontent on the Way

20. There seems to be a strong chance of another upsurge of unrest soon. The basic causes of discontent remain as great as ever--severe economic distress among salaried people, weariness of seemingly endless war, and a government in power long enough to have disappointed many hopes of an easier route to a better life and long enough to have stepped on many toes.

21. No easy answers have appeared on the horizon that would help the Thieu government solve the country's very real and pressing economic problems. The cost of the war promises to become even more burdensome for the modest South Vietnamese economy. With a population of some 18 million, the country now has over one million of its most able-bodied males under arms full time, and some further force expansions may be required as US troops withdraw. Larger forces and a larger share of the war mean larger military budgetary demands on the South Vietnamese economy. With fewer US forces making substantial payments into the local economy, one important source of foreign funds will gradually dry up. Moreover, the wartime prosperity has created a "Honda economy," which relies heavily on US-financed imports to make up the slack left by South Vietnam's own low levels of production.

22. The inflation squeeze is getting worse every day. Few South Vietnamese, from poor peasants to the well-to-do in the cities, pay anything like their share of the tax burden, and one clearly necessary step is to siphon off excess piasters from the marketplace (and increase revenues) by raising

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

taxes and tightening collection. Another needed move is devaluation. Either is bound to cause a loud cry of outrage against the government.

23. As Thieu has learned to his sorrow, there is no way for him to avoid the onus for any such move. Now that he has a personal lieutenant, General Khiem, acting as his prime minister, the latter position no longer serves as a buffer between the President and an agitated public. It would do Thieu little good now to change cabinets in an attempt to stop a rising tide of criticism.

24. Thus, at the moment it appears that Thieu is damned if he does and damned if he doesn't. Serious efforts to levy additional taxes will alienate each affected group and compound the discontent in the military establishment and other salaried groups. If Thieu does not authorize such politically difficult measures in the near future, however, the economy is probably in for deep trouble, which will also cause further unrest.

25. A second, longer-range problem is the war-weariness of the people. Although many South Vietnamese support the war or are resigned to it as a way of life, latent war-weariness could become an extremely serious problem if it ever surfaced and gathered momentum as an issue. The government is keenly sensitive to this danger and tries to act quickly to head off domestic peace movements whenever they seem about to get started. Recently, however, both the militant Buddhists and militant student leaders have shown greater interest in trying to start a new peace movement, and this could become an important issue in another round of protests.

Stability, Tenacity, and the War

26. In the near term, at least, the government will probably be able to keep opposition agitation in bounds. In the longer run, however, political unrest could do more serious damage to the war effort.

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

25X1

27. The government's inability to deal effectively with its mounting political and economic problems has already had some damaging side-effects on the effort against the Communist enemy. Pacification, the long, grinding effort to root out the Viet Cong infrastructure in the countryside and to build a government presence there, has slowed somewhat recently, partly as a result of the agitation and unrest. Distracted and discouraged, President Thieu and Prime Minister Khiem have not been pressing the pacification program to achieve results as heavily as they did a year ago.

28. A third and more disruptive wave of unrest could cause larger numbers of the South Vietnamese people to doubt the government's ability to stay the course against the Communists and persuade them to adopt a more cautious posture toward the enemy. It could become more difficult to keep any but the most dedicated officials interested in running local anti-Communist programs in the 44 provinces, 200-plus districts, and thousands of villages throughout South Vietnam. More local militia and territorial security units might tend to avoid contact with the enemy, leaving the Communists a clear field.

29. If the government becomes so overloaded with problems that it is virtually paralyzed by indecision, as seemed to be the case for a brief period in early May, the enemy may be able to exploit the situation. There is ample evidence in Communist guidance to their cadre that they are counting on political weaknesses in Saigon eventually to assist in reaching a peace arrangement acceptable to them.

30. In such a situation, the military would probably act. The only likely alternative to the present constitutional structure would be direct military rule, and military regimes have proven highly unstable in South Vietnam. Under a military regime, commanding generals would be increasingly distracted by political affairs. If one regime succeeded another in more or less rapid fashion,

25X1

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3

Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3
SECRET
25X1

as occurred in the mid-1960s, lack of policy continuity would impair the tenacity of forces in the field.

31. Before allowing such drastic changes as these to occur, however, the government would be likely to adopt a harder line toward dissenters, if it were unable to muddle through with a mixture of conciliation and toughness. A more oppressive political atmosphere, even with the constitution still nominally in force, would probably encourage the more militant opposition politicians eventually to conspire at the overthrow of the government. Generals thought to be politically disaffected, including some who are close to Senator Don, "Big" Minh, and Vice President Ky, themselves all former generals, would be approached to get the necessary military backing. If coup plotting and official fears of it became more or less common again, this could seriously impair the relatively good working relationship that now seems to exist between the general officer corps and the administration in Saigon.

32. It is difficult at this juncture to foresee how events will develop in 1971, but presently discernible trends give little grounds for complacency. The economic pressures are likely to get worse, not better, and the political atmosphere may become more repressive and conspiratorial. The enemy is having some success in rebuilding his strength in the countryside, and sooner or later enemy main force units are likely to try to deal some body blows to the South Vietnamese Army and territorial security forces. As US withdrawals progress, uncertainty about US support may become acute again. A relatively confident and stable government might of course be able to withstand serious setbacks, but, as the recent lackluster performance in pacification suggests, a badly distracted and discouraged government would be in more serious danger, and so, accordingly, would the effort against the Communists.

SECRET
25X1
Approved For Release 2006/05/25 : CIA-RDP85T00875R001100090031-3